

Resolutions of the Annual General Meeting

PEGAS NONWOVENS S.A.

Société Anonyme

Registered office: 68-70, boulevard de la Pétrusse, L-2320 Luxembourg

R.C.S. Luxembourg B 112.044

(PEGAS)

**Annual general meeting of the shareholders of PEGAS
held in Luxembourg on 15 June 2007 at 11.00 a.m. Central European Time
at the Hôtel Le Royal, 12, Boulevard Royal in L-2449 Luxembourg-City, Grand-Duchy of
Luxembourg**

In the year two thousand and seven, on the fifteenth day of June at 11.00 a.m. Central European Time,

is held the annual general meeting of the shareholders (**the AGM**) of PEGAS, a Luxembourg société anonyme having its registered office at 68-70, boulevard de la Pétrusse, L-2320 Luxembourg and registered with the Luxembourg Trade and Companies Register under the number B 112. 044.

The AGM is opened by Miloš Bogdan. He proposes to the AGM that Mr Henry Gregson, non-executive director of PEGAS NONWOVENS SA, professionally residing in 68-70, boulevard de la Pétrusse, Luxembourg be appointed as chairman of the AGM (**the Chairman**). The AGM elects, Mr Henry Gregson as Chairman. The Chairman appoints Mr Jean-François Bouchoms, lawyer, professionally residing in Luxembourg as secretary (**the Secretary**).

The AGM elects, Mr Lukáš Trávníček, Legal Counsel and Head of Human Resources at PEGAS NONWOVENS s.r.o., residing in Přímětická 86, Znojmo, Czech Republic as scrutineer (**the Scrutineer** and together with the Chairman, the Secretary constituting **the Bureau**).

The shareholders present, represented or voting by correspondence and the number of shares they hold are indicated on an attendance list, which will remain attached to the present minutes after having been signed by shareholders attending the AGM or their representatives and the members of the Bureau.

The proxies from the shareholders represented at the present AGM and the voting ballots from the shareholders will also remain attached to the present minutes.

The Bureau having thus been constituted, the Chairman declares and the AGM records that:

- I. The shareholders of PEGAS were duly convened to the AGM by two separate convening notices containing the agenda of the AGM, each published twice in the *Mémorial, Recueil des Sociétés et Associations* C - N° 990 of 29 May 2007 and N° 1081 of 7 June 2007 and in the Tägeblatt of 29 May 2007 and of 7 June 2007 respectively.
- II. In addition, the convening notice was published through (i) the ESPI system, which is the electronic reporting system in Poland on May 15th, 2007, (ii) the reporting system of PSE on May 15th, 2007, (iii) in Czech newspapers on May 29th, 2007, and (iv) in Polish newspapers on May 25th, 2007. The convening notice was made available at PEGAS website as of May 15th, 2007 .

- III. In respect of the agenda below of the AGM, no specific quorum is required for the valid deliberation or acknowledgement of the AGM and the resolutions are taken by a simple majority of the shares represented and voting at the AGM.
- IV. The agenda of the AGM is the following:
- (1) Opening.
 - (2) Election of the Chairman of the AGM.
 - (3) Announcements.
 - (4) Presentation and discussion of the report of the *réviseur d'entreprises* (independent auditor) regarding the stand-alone accounts and the consolidated accounts for the financial year ended 31 December 2006 and the reports of the Board of Directors of PEGAS on the stand-alone accounts and the consolidated accounts for the financial year ended 31 December 2006.
 - (5) Discussion and adoption of the stand-alone accounts and the consolidated accounts for the financial year ended 31 December 2006.
 - (6) Allocation of the results of the financial year ended 31 December 2006 .
 - (7) Discharge of the liability of the members of the Board of Directors, the former auditor of PEGAS and the *réviseur d'entreprises* (independent auditor) for, and in connection with, the financial year ended 31 December 2006.
 - (8) Appointment of the *réviseur d'entreprises* (independent auditor).
 - (9) Adoption of remuneration policy for the members of the Board of Directors (executive and non-executive directors) for 2006.
 - (10) Adoption of remuneration policy for the members of the Board of Directors (executive and non-executive directors) for 2007.
 - (11) Approval of the bonus scheme and share price bonus plan for various members of the senior management and the members of the Board of Directors.
 - (12) Distribution of share premium and grant of authority to the Board of Directors to distribute share premium.
 - (13) Miscellaneous.
 - (14) Closing.
- V. It appears from the attendance list that out of the 9,229,400 ordinary shares of PEGAS having a nominal value of EUR 1.24 each, 4,655,593 ordinary shares, representing 41% (rounded up) of the subscribed share capital of PEGAS amounting to EUR 11,444,456 are present or duly represented or have duly voted by correspondence at the AGM, which is thus regularly constituted and can validly deliberate on all the items on the agenda.

This having been exposed and recognised accurate by the AGM, the Secretary reads on request of the Chairman the reports of the Board of Directors and the reports of the *réviseur d'entreprises* (independent auditor) on the annual accounts and consolidated accounts of PEGAS for the financial year ended 31

December 2006 and submits to the AGM for examination and approval PEGAS's balance sheet, the profit and loss account and the notes to the accounts, the consolidated balance sheet, the consolidated profit and loss accounts and the notes to the consolidated accounts for the financial year ended 31 December 2006, and the proposal for the allocation of the results as per 31 December 2006.

After deliberation, the AGM passes the following resolutions:

1. AGENDA ITEM (5) : DISCUSSION AND ADOPTION OF THE STAND-ALONE ACCOUNTS AND THE CONSOLIDATED ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

RESOLUTION

The AGM approves (i) the stand-alone accounts for the financial year ended 31 December 2006 and (ii) the consolidated accounts for the financial year ended 31 December 2006.

This resolution has been adopted by 4,655,593 shares,

0 shares having abstained,

0 shares having voted against.

2. AGENDA ITEM (6) : ALLOCATION OF THE RESULTS AS OF 31 DECEMBER 2006

RESOLUTION

The AGM notes, according to stand-alone accounts, that PEGAS has made a loss in an amount of EUR 4,774,484.43 in respect of the financial year ended 31 December 2006.

2.1 The AGM resolves to carry forward to the next financial year the loss in an amount of EUR 4,774,484.43 incurred during the financial year ended on 31 December 2006.

This resolution has been adopted by 4,655,593 shares,

0 shares having abstained,

0 shares having voted against.

As the Resolution 2.1 was approved, the AGM did not vote on the Resolution 2.2.

3. AGENDA ITEM (7) : DISCHARGE OF THE LIABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS, THE FORMER AUDITOR OF PEGAS AND THE *RÉVISEUR D'ENTREPRISES* (THE INDEPENDENT AUDITOR) FOR, AND IN CONNECTION WITH, THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

RESOLUTIONS

3.1 The AGM resolves to grant discharge to the former members of the Board of Directors for the performance of their duties during, and in connection with, the financial year ended 31 December 2006, i.e. from 1 January 2006 until 30 November 2006.

This resolution has been adopted by 4,655,593 shares,

0 shares having abstained,

0 shares having voted against.

3.2 The AGM resolves to grant discharge to the members of the Board of Directors for the performance of their duties during, and in connection with, the financial year ended 31 December 2006, i.e. from 30 November 2006 until 31 December 2006.

This resolution has been adopted by 4,655,593 shares,

0 shares having abstained,

0 shares having voted against.

3.3 The AGM further resolves to give discharge to Ernst and Young S.A., being the *commissaire* (statutory auditor) of PEGAS for the performance of its duties during, and in connection with, the financial year ended 31 December 2006, i.e. from 1 January 2006 until 30 November 2006.

This resolution has been adopted by 4,655,593 shares,

0 shares having abstained,

0 shares having voted against.

3.4 The AGM further resolves to give discharge to KPMG AUDIT, S.à r.l., being the *réviseur d'entreprises* (the independent auditor) of PEGAS for the performance of its duties during, and in connection with, the financial year ended 31 December 2006, i.e. from 30 November 2006 until 31 December 2006.

This resolution has been adopted by 4,655,593 shares,

0 shares having abstained,

0 shares having voted against.

4. AGENDA ITEM (8) : APPOINTMENT OF THE *RÉVISEUR D'ENTREPRISES* (INDEPENDENT AUDITOR)

RESOLUTION

The AGM resolves to appoint KPMG AUDIT, S.à r.l. as the *réviseur d'entreprises* (the independent auditor) of PEGAS for a term ending at the annual general meeting of the shareholders to be held in 2008. The mandate of KPMG AUDIT, S.à r.l. shall cover the stand-alone financial accounts and the consolidated accounts of PEGAS.

This resolution has been adopted by 4,655,593 shares,

0 shares having abstained,

0 shares having voted against.

5. AGENDA ITEM (9) : ADOPTION OF REMUNERATION POLICY FOR THE MEMBERS OF THE BOARD OF DIRECTORS (EXECUTIVE AND NON-EXECUTIVE DIRECTORS) FOR 2006

RESOLUTION

The AGM acknowledges that no remuneration was paid to the members of the Board of Directors in connection with the performance of the function of the executive and non-executive director of PEGAS for the financial year 2006.

This resolution has been adopted by 4,655,593 shares,

0 shares having abstained,

0 shares having voted against.

6. AGENDA ITEM (10) : ADOPTION OF REMUNERATION POLICY FOR THE MEMBERS OF THE BOARD OF DIRECTORS (EXECUTIVE AND NON-EXECUTIVE DIRECTORS) FOR 2007

RESOLUTIONS

- 6.1 In respect of the financial year ending on 31 December 2007, the AGM resolves that (i) Mr Miloš Bogdan, Mr Aleš Gerža, Mr František Klaška and Mr František Řezáč (the Executive Directors) should receive an aggregate amount of CZK 2,182,439 and (ii) Mr Henry Gregson, Mr John Halsted, Mr Bernard Lipinski and Mr David Ring (the Non-Executive Directors) should receive an aggregate amount of EUR 120,000, as directors' fee, payable in cash.

This resolution has been adopted by 4,655,593 shares,

0 shares having abstained,

0 shares having voted against.

- 6.2 In respect of the directors' fees relating to the financial year ending on 31 December 2007, the AGM authorises and empowers the Board of Directors to split the above mentioned aggregate amounts between the Executive Directors and the Non-Executive Directors, respectively, in accordance with criteria determined by, and at the discretion of, the Board of Directors.

This resolution has been adopted by 4,355,593 shares,

300,000 shares having abstained,

0 shares having voted against.

7. AGENDA ITEM (11) : APPROVAL OF THE BONUS SCHEME AND SHARE PRICE BONUS PLAN FOR VARIOUS MEMBERS OF THE SENIOR MANAGEMENT AND THE MEMBERS OF THE BOARD OF DIRECTORS

RESOLUTIONS

- 7.1 The AGM resolves to approve the payment of a bonus for the financial year ending on 31 December 2006 to the Executive Directors of the aggregate amount of CZK 5,845,820. The AGM resolves to approve the payment of a bonus for the financial year ending on 31 December 2006 to Mr Bernard Lipinski of the amount of EUR 150,000.

This resolution has been adopted by 4,355,593 shares,

0 shares having abstained,

300,000 shares having voted against.

- 7.2 In respect of the bonus payable to the Executive Directors relating to the financial year ending on 31 December 2006, the AGM authorises and empowers the Board of Directors to split the above mentioned aggregate amount between the Executive Directors in accordance with criteria determined by, and at the discretion of, the Board of Directors.

This resolution has been adopted by 4,355,593 shares,

0 shares having abstained,

300,000 shares having voted against.

- 7.3 The bonus payable to the members of the senior management relating to the financial year ending on 31 December 2007, will be determined by the relevant subsidiaries of PEGAS which employ the respective members of the senior management.

This resolution has been adopted by 4,355,593 shares,

0 shares having abstained,

300,000 shares having voted against.

- 7.4 The AGM resolves to approve the grant of an aggregate amount of 173,755 phantom options to the directors of PEGAS, against no consideration. Each phantom option, when exercised, will grant the director the right to receive a phantom share. i.e. the right to receive in cash an amount equal to the difference between CZK 749.20 representing the offer price for which one share of PEGAS was sold to investors in the initial public offering of the shares of PEGAS (**the IPO**) and the closing price of one company share on the day preceding the day of exercise of the phantom option on the Prague stock exchange (**the PSE**) (or other market if the PSE trading is discontinued). 25% phantom options will vest yearly, with the first options vesting on the 1st anniversary of the IPO, i.e. on 18 December 2007 and the last options vesting on the 4th anniversary of the IPO.

This resolution has been adopted by 4,355,593 shares,

0 shares having abstained,

300,000 shares having voted against.

- 7.5 The AGM authorises and empowers the Board of Directors to allocate the above mentioned phantom options between the directors in accordance with criteria determined by, and at the discretion of, the Board of Directors.

This resolution has been adopted by 4,355,593 shares,

0 shares having abstained,

300,000 shares having voted against.

- 7.6 The AGM resolves to approve the grant of an aggregate amount of 56,980 phantom options to Mr Rostislav Vrbácký and Mr Lukáš Trávníček, being the members of the senior management of PEGAS NONWOVENS s.r.o., against no consideration. Each phantom option, when exercised, will grant the member of the senior management the right to receive a phantom share. i.e. the right to receive in cash an amount equal to the difference between CZK 749.20 representing the offer price for which one share of PEGAS was sold to the investors in the IPO and the closing price of one company share on the day preceding the day of exercise of the phantom option on the the PSE (or other market if the PSE trading is discontinued). 25% phantom options will vest yearly, with the first options vesting on the 1st anniversary of the IPO, i.e. on 18 December 2007 and the last options vesting on the 4th anniversary of the IPO.

This resolution has been adopted by 4,355,593 shares,

0 shares having abstained,

300,000 shares having voted against.

- 7.7 The AGM authorises and empowers the Board of Directors to allocate the above mentioned phantom options between the members of the senior management in accordance with criteria determined by, and at the discretion of, the Board of Directors.

This resolution has been adopted by 4,355,593 shares,

0 shares having abstained,

300,000 shares having voted against.

- 7.8 The AGM approves the principles of the bonus scheme for 2007 as indicated in the document having been (i) made available at the AGM, and in addition, (ii) published on the website of PEGAS on June 8th, 2007.

This resolution has been adopted by 4,355,593 shares,

0 shares having abstained,

300,000 shares having voted against.

8. AGENDA ITEM (12) : DISTRIBUTION OF SHARE PREMIUM AND GRANT OF AUTHORITY TO THE BOARD OF DIRECTORS TO DISTRIBUTE SHARE PREMIUM

RESOLUTION

The AGM resolves that the share premium account may be distributed in full, in one or several times, to the shareholders. The AGM further resolves to grant authority to the Board of Directors to make distributions taken from the share premium account of PEGAS, within the limits set forth by applicable law. The Board of Directors shall determine the terms and conditions of the distributions taken from the share premium account, and it shall in particular determine the amount to be paid, the payment date and the nature of the payment (i.e. in cash or in kind).

This resolution has been adopted by 4,655,593 shares,

0 shares having abstained,

0 shares having voted against.

There being no further business on the agenda, the AGM is closed at 12 a.m..

These minutes having been read to the AGM, the Bureau signs these minutes in original, no shareholder expressing the wish to sign.

Investor Relations Contact:

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